

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeene G. Kelly.

ISO New England, Inc.

Docket No. ER05-1283-000

ORDER ON INFORMATIONAL FILING

(Issued September 26, 2005)

1. On July 29, 2005, the Participating Transmission Owners Administrative Committee, on behalf of New England's Participating Transmission Owners¹ (PTOs), submitted an informational filing identifying updated rates for regional transmission and scheduling, system control and dispatch services under section II of the ISO-New England, Inc. (ISO-NE) Transmission, Markets and Services Tariff. In this order, we accept the PTOs' filing for informational purposes.

¹ The PTOs include: Bangor Hydro-Electric Company (Bangor); Boston Edison Company, Cambridge Electric Light Company, Canal Electric Company, and Commonwealth Electric Company (NSTAR Electric); Central Maine Power Company (CMP); Central Vermont Public Service Corp. (CVPS); Florida Power & Light Company- New England Division (FPL-NED); Green Mountain Power Corp. (Green Mountain); New England Power Company and National Grid USA (National Grid); Northeast Utilities Service Company (NU); The United Illuminating Company (UI); Unitil Energy Systems, Inc. and Fitchburg Gas and Electric Light Company (Unitil Companies); Vermont Electric Power Company (VELCO); Vermont Public Power Supply Authority; New Hampshire Cooperative; Connecticut Municipal Electric Energy Cooperative; Massachusetts Municipal Wholesale Electric Company; Holyoke Gas & Electric Department; Town of Norwood Municipal Light Department; Town of Braintree Electric Light Department; Town of Reeding Municipal Light Department; and Taunton Municipal Lighting Plant.

Background

2. Prior to the implementation of the ISO-NE regional transmission organization (RTO), the New England Power Pool (NEPOOL) submitted annual informational filings with the Commission to reflect the application of the regional formula to establish transmission rates. After ISO-NE became an RTO, ISO-NE assumed responsibility for making the annual filing.

3. Pursuant to section II, Attachment F Implementation Rule and Schedule 1 of the ISO-NE tariff, the PTOs submit for informational purposes the regional formula transmission rates that will be in effect for the period beginning June 1, 2005 through May 31, 2006. The filing reflects changes to the level of transmission charges based on an annual update, utilizing actual 2004 data in the formula rate. The filing stipulates the Pool Regional Network Service Rate and the Schedule 1 charges effective June 1, 2005, and contains the PTOs' Annual Transmission Revenue Requirement calculations, also based on 2004 data.

Notice and Responsive Pleadings

4. Notice of the informational filing was published in the *Federal Register*, 70 Fed. Reg. 47,191 (2005), with comments, interventions, and protests due on or before August 19, 2005. The NEPOOL Participants Committee filed a motion to intervene. Kennebunk Light and Power District, Fox Islands Electric Cooperative, Inc., Town of Madison Electric Works and the Maine Public Advocate (collectively, the Maine Parties) filed a joint motion to intervene and protest. The Responding PTOs² and CMP filed answers to the protest on September 6, 2005.

5. The Maine Parties protest the informational filing with respect to certain information submitted on behalf of CMP. Specifically, the Maine Parties state that CMP's development of the allocation of the costs of operating its satellite control centers reflects a significant change in the way that CMP has allocated wages and salaries among the three accounts used to track scheduling and dispatch costs in the Uniform System of Accounts. They argue that CMP has the burden of justifying this type of refunctionalization under section 205 of the Federal Power Act (FPA) or, alternatively,

² The Responding PTOs include: Bangor; NSTAR Electric; CMP; CVPS; FPL-NED; Green Mountain; National Grid; NU; UI; Unitil Companies; and VELCO.

that an investigation and evidentiary hearing concerning CMP's proposed changes in its Schedule 1 rate and underlying functionalization of wages and salaries would be appropriate.

6. In contrast, the Responding PTOs argue that the Maine Parties are incorrect in their assertion that the PTOs have a burden of proof under section 205. They maintain that with formula rates, the formula itself is the rate, and periodic updates made in accordance with the Commission-approved formula do not require section 205 filings. The Responding PTOs further state that Attachment F of the Commission-approved ISO-NE tariff provides that an informational filing "does not re-open the formula rate...but rather is contestable only with respect to the accuracy of the information contained in the informational filing."³

7. In CMP's answer, it states that the annual update to CMP's inputs to the regional formula rates reflected in the informational filing was performed in strict compliance with the formula approved by the Commission and that the inputs were properly accounted for in accordance with applicable accounting rules. CMP further states that it has not reclassified any facilities or altered the formula rate; rather, the informational filing reflects a more precise allocation of costs, in accordance with the Commission's cost causation principles. CMP contends that the Maine Parties have not disputed the accuracy of the CMP control center labor costs, but rather that the amount of such costs allocated to a transmission account (as compared to the amount allocated to a distribution account) has increased. CMP maintains that this is not an issue of whether the formula rate has been correctly applied or whether the formula rate has been changed, as no facilities have been reclassified and the informational filing does not change or propose to change the approved formula rate, any formula rate component, or how the formula is applied. CMP explains that the increase is a result of a more precise direct charge of labor costs, and not as a result of facilities being reclassified or changes in the approved formula rate.

8. The Responding PTOs and CMP explain that the issue of CMP's control center labor costs is currently pending before the Commission and has already been set for hearing in Docket No. ER05-1169-000.⁴ The Responding PTOs note that if the Commission were to modify CMP's functionalization of control center expenses as part

³ Responding PTOs' Answer at 5.

⁴ *Central Maine Power Company*, 112 FERC ¶ 61,218 (2005).

of the Docket No. ER05-1169 proceeding, the modification would automatically be reflected in a corrected informational filing with the Commission, a revision to regional transmission rates and adjustments to customer bills.

Discussion

Procedural Matters

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2005), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

10. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385(a)(2) (2005), prohibits an answer to a protest unless otherwise ordered by the decisional authority. The Commission will accept the answers filed by the Responding PTOs and CMP because they have provided information that assisted us in our decision-making process.

Substantive Matters

11. To the extent that the Maine Parties take issue with CMP's particular control center expenses included in the informational filing, as noted by the Responding PTOs and CMP, that issue is currently being reviewed in the proceeding in Docket No. ER05-1169-000.⁵ The Responding PTOs state that the modification of control center expenses as part of the Docket No. ER05-1169 proceeding would automatically be reflected in a corrected informational filing with the Commission, a revision to regional transmission rates and adjustments to customer bills. The Commission finds that the concerns raised by the Maine Parties will be adequately examined in the ER05-1169 proceeding, and that transmission rates will remain accurate if such information is modified.

12. The underlying formula in the PTOs' informational filing is the rate on file as approved by the Commission and the PTOs' filing should reflect the current inputs under that formula rate. We disagree with the Maine Parties' assertion that the PTOs carry a burden of proof under FPA section 205. The Commission finds that the format followed

⁵ We note that the Maine Parties submitted a motion for leave to intervene out-of-time in the ER05-1169-000 as to inputs into the formula rates used in Schedule 21-CMP of the ISO-NE tariff.

by the PTOs is consistent with the format prescribed by the NEPOOL Settlement for annual information filings⁶ and the informational filings made in previous years.⁷ The Commission therefore accepts the PTOs' filing for informational purposes.

The Commission orders:

The Participating Transmission Owners' informational filing is hereby accepted, as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

⁶ *New England Power Pool*, 88 FERC ¶ 61,140 (1999).

⁷ *New England Power Pool*, Docket No. OA97-237-017 (October 18, 2004) (unpublished letter order).